



## Proposed Purchasing Ordinance Revisions Local Preference Program & Other

### Background:

The Local Preference Program will focus on the taxpaying businesses within Beaufort County. The majority of these businesses sell goods and/or services (food and beverage, maintenance, engineering, business support or other professional). This Local Preference Program allows the Town to implement more favorable evaluation criteria for these companies. The proposed Local Certification process allows the supplier to certify to the Town they meet certain basic requirements. This certification eliminates the subjective interpretation of “local” which plagues many programs. This program also allows the Town to maintain a current Certified Local Supplier List. [Currently, Engineering uses the Business License Program as the starting point for non-public solicitations.] As this program is formalized, the Certified List will serve as the starting point for soliciting bids where applicable.

Most larger sourcing efforts involve construction-related activities and contracts which are publically advertised. There are limited numbers of large Beaufort County contractors. To encourage larger (non-Beaufort) Contractors to utilize more small local subcontractors, local content will be included as selection criteria in our publically advertised Request for Proposals. Bidders will be encouraged to involve local firms and will be required to list their primary subcontractors as part of their bid submittal.

The following sections provide additional details:

- Local Preference Definition
- Local Preference Evaluation Processes
- Sample IFB and RFP Evaluation
- Required Ordinance Revisions
- Purchasing & Contracting Manual Revisions

## Local Preference Definition

- 1) Company maintains a local office within the legally defined boundaries of Beaufort County, has a majority of full time employees, chief officers and managers regularly conducting work at this location, properly licensed for commercial operations, is open to the public, and is in compliance with local zoning requirements.
- 2) Company has held a valid Town Business License for a consecutive period of at least two (2) years prior to application for certification.
- 3) Company has submitted an approved Local Preference Certification statement.

## Local Preference Evaluation Processes

### Invitation for Bids (IFB):

During the evaluation process, any Certified Local Vendor will have their evaluated bid price reduced by five per cent (5%) not to exceed (NTE) \$2,500.00. If the vendor is determined to be the low bidder after application of the Local Vendor Preference, then they will receive the award. The award price will reflect their original bid amount before the Local Vendor Preference was applied.

### Request for Proposals (RFP):

Selection criteria shall include as applicable Local Vendor Preference or demonstrated local content at a minimum weighting of five per cent (5%).

### Exclusions:

If the procurement is to be made pursuant to State or Federal guidelines which prohibit or restrict a local or state preference, there shall be no local or state preference unless a more restricted variation is allowed under the guidelines.

## Sample IFB & RFP evaluation examples

IFB: If an advertised bid with a public bid opening, Bidders & Bids are publicly announced and recorded.

**Case Example:** Vendors A & B are Certified Local Vendors, Vendor C is not.

| Bidders  | A        | B        | C        |
|--|----------|----------|----------|
| Original Bid Price                               | \$30,000 | \$32,000 | \$29,000 |
| Less Local Vendor<br>5% Preference<br>Allowance* | \$1,500  | \$1,600  | \$0.00   |
| Bid Evaluation<br>Price                          | \$28,500 | \$30,400 | \$29,000 |
| Award Price                                      | \$30,000 | N/A      | N/A      |

Vendor A is selected and awarded the contract at a value of \$30,000.00, which is their original bid. By using this approach, the local vendor receives the benefit of a local preference percentage for evaluation purposes without the financial burden of meeting a lower price submitted by a non-local vendor. \* **NTE \$2,500.00.**

### RFP:

Local Preference will be included as a weighted selection criterion. Criteria generally include references, costs, schedule, scope compliance, etc. On large projects where no suitable Certified Local Vendor exists, bidders will be evaluated based on a greater regional content. For instance, a number of area civil/site contractors reside in Jasper County (Malphrus, Cleland, and JS Construction). Since they reside in an adjacent County, they would receive a higher rating than a comparable out of state based civil contractor.

## Required Ordinance Revisions

### 1. Addition of Local Preference:

The Ordinance shall include a local preference program developed and administered by the Town Manager.

2. The expendable purchase level will be increased from \$500.00 to \$2,500.00.

Items I and 2 above will be formally submitted to Council as Ordinance revisions for their approval. Two readings will be required.

### Purchasing and Contracting Manual Revisions

The Town's Procurement and Contracting Manual supports the Purchasing Ordinance authorized and approved by Council. The Manual provides details, definitions, thresholds, evaluation criteria, etc. Once the Ordinance revisions are formally approved by Council, the Town Manager will authorize the required Manual changes. Assuming the proposed Ordinance revisions are approved, the Manual revisions will include:

1. A local preference program developed and administered by the Town Manager.
2. The expendable purchase level will be increased from \$500.00 to \$2,500.00.
3. The Town Manager approval level will be revised to less than \$100K.
4. The Town Council approval level shall be revised to greater than \$100K.

Attachments: 1) Sample Local Preference Certification Statement  
2) Local Comparisons





# Local Preference Certification Statement

I certify that my company meets all of the following qualifications to be eligible for the local vendor preference:

(1). That my company maintains an office within the legally defined boundaries of Beaufort County and have a majority of full time employees, chief officers, and managers regularly conducting work and business from these offices.

(2). That my company has held a valid Town Business License for a consecutive period of at least two years prior to the date for application for certification.

I make this certification with full knowledge that should any information provided prove to be false, that my company could be excluded from bidding on Town procurements for a period of three years.

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

Type of Products or Services: \_\_\_\_\_

Business License Number: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Owner's Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_

Notary Public for the State of \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

*To be completed by Authorized Town Representative:*

**Vendor Certified:** \_\_\_\_\_ **Date:** \_\_\_\_\_

Authorized Signature

Local Comparisons (\$K)

|                                    | Bluffton  | Hilton Head                                     | City of Beaufort                  | Beaufort County                   |
|------------------------------------|---|---|-----------------------------------|-----------------------------------|
| Expendables                        | 2.5K  | 5K  | 5K                                | 2.5K                              |
| Verbal Range                       | 2.5K – 10K                                      | 5 – 15K   | 5 – 10K                           | 2.5K – 5K                         |
| Written Range                      | 10 – 25K  | 15 – 25K  | 10 – 25K                          | 5 – 25K                           |
| Advertised                         | > 25K   | > 25K   | >25K                              | >25K                              |
| City / Town Manager Approval Level | < 100K  | Unlimited if Council has approved budget        | <25K                              | <25K                              |
| Subcommittee Levels                | N/A   | N/A   | N/A                               | 25 – 50K                          |
| Council Level                      | > 100K  | Legal, Personnel, (2-3 per yr.)                 | >25K                              | >50K                              |
| Local Preference                   | 5%  | 5%  | 1%                                | 5%                                |
|                                    | NTE 2.5K  | NTE 2.5K  | NTE 2.5K                          | NTE 10K                           |
|                                    | Award at Bid Value                              | No Match Option                                 | Low Bid Match Option              | Low Bid Match Option              |
|                                    | Certification Required Excludes Beaufort County | Certification Required Excludes Beaufort County | No Certification Excludes Georgia | No Certification Excludes Georgia |